

ORIGINAL

# OPEN MEETING



0000084280

## MEMORANDUM

RECEIVED

Arizona Corporation Commission

TO: THE COMMISSION

DOCKETED 2008 APR 22 P 4:17

FROM: Utilities Division

APR 22 2008

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: April 22, 2008

DOCKETED BY

*mn*

RE: THE JOINT APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, AN ARIZONA CORPORATION, AND UNISOURCE ENERGY CORPORATION, AN ARIZONA CORPORATION, FOR AN ORDER APPROVING ELECTRIC SERVICE AUTHORIZATION AGREEMENTS (DOCKET NOS. E-01345A-08-0064 AND E-04204A-08-0064)

On February 4, 2008, Arizona Public Service Company ("APS") and UNS Electric ("UNSE") filed a Joint Application seeking Arizona Corporation Commission ("Commission") approval of two separate electric service authorization agreements between APS and UNSE for authorization for UNSE to serve El Paso Natural Gas Company ("El Paso") and Western Summits, L.L.C. ("Western"). Although El Paso and Western are both located within APS' service territory, the proximity of each customer to UNSE' facilities makes service by UNSE more economical as is discussed herein.

All signatories agree and acknowledge that UNSE is willing to serve El Paso and Western ("Subject Facilities") even though El Paso and Western are located outside the UNSE Service Area, and APS is willing to allow UNSE to serve El Paso and Western located within the APS Service Area under the conditions set forth in the Electric Service Authorization Agreements ("Agreements") contained in the Joint Application as Exhibits B and C, respectively. APS and UNSE believe that the Agreements will be consistent with and promote the public interest, will be in the best interests of El Paso and Western and will enable both companies to more efficiently and economically receive electric service, while preserving the existing service area rights of both APS and UNSE.

El Paso has property within APS' certificated area located in the Northwest Quarter of Section 14, Township 21, North, Range 10 West, Yavapai County, Arizona. El Paso needs electric service to its property for a cathodic protection system facility (referenced as CPS # 1570) on El Paso's pipeline. In order to reduce costs and be served in a more efficient manner, El Paso has requested electric service from UNSE because UNSE' distribution lines exist within closer proximity to the proposed service site than the nearest APS facilities. No reinforcement of UNSE' existing electric system is needed to serve El Paso's proposed load.

Western owns property within APS' certificated area located along the Northeast Quarter of Section 11, Township 21, North, Range 10 West Gila and Salt River Meridian, Yavapai County, Arizona. Western needs electric service for a cell tower site for its operations and the

operations of its sub-leases, sub-licensees, and designated assigns. Western expects other communications companies to use space on their towers. In order to reduce costs and be served in a more efficient manner, Western has requested electric service from UNSE because UNSE's distribution lines exist within closer proximity to the proposed service site than the nearest APS facilities. No reinforcement of UNSE's existing electric system is needed to serve Western's proposed load.

The following data have been provided by APS and UNSE in support of their Joint Application:

<u>Approximate Extension Distances*</u>			<u>Customer Contributions (Zero Free Footage)</u>	
I A.	APS Serving El Paso	7.5 Miles		Not Available
I B.	UNSE Serving El Paso	1.69 miles (8900 Feet)		Estimated Cost = \$72,000
				NOTES: Single Phase, 7.2 KV Primary Voltage; 2.1 kW Demand, 93% Load Factor; Line & Transformer Losses on Customer.
II A.	APS Serving Western	6.0 Miles		Not Available
II B.	UNSE Serving Western	0.00 Miles (primary metering equipment only)		Estimated Cost = \$7,500
				Single Phase, 7.2 KV Primary Voltage; 6.2 kW Demand, 53% Load Factor; Line & Transformer Losses on Customer.

\*Measured from the point of tap to the planned primary metering facilities (point of termination) designed to be located near the service area boundary between APS and UNSE. El Paso and Western have chosen to be responsible for the construction of approximately 1.5 miles and 2.5 miles of primary line on the APS side of the service area border, respectively, and these distances are excluded from the distances shown in the above table.

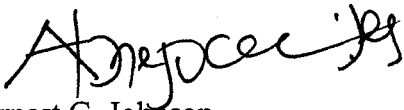
As noted in the application, APS reserves the right to provide electric service to El Paso and Western in the future if APS determines that it is economical to do so. However APS' right is limited by the conditions that APS' nearest distribution facilities must be located within 1,000 feet of the Subject Facilities, but in no event earlier than 10 years from the effective date of the Agreements.

Staff's Recommendations and Findings

Staff recommends that the Commission approve the agreement between APS, UNSE and El Paso and the agreement between APS, UNSE and Western.

Staff's recommendations are supported by the findings discussed herein and the finding that at this time, there are no line extensions or other agreements pertaining to electric service to the areas in which the El Paso and Western sites are located, nor are there any facilities, easements or rights-of-way that will be transferred in the event the El Paso and Western agreements are approved by the Commission. UNSE also indicates that it will wait for Commission approvals before applying for needed rights-of-way within its territory from the point of tap to the boundary of UNSE and APS' service territories.

According to UNSE, it is expected that El Paso and Western will be provided service under the Small General Service schedule that is available to all qualified commercial customers and billed at the rates contained in the schedule.

for   
Ernest G. Johnson  
Director  
Utilities Division

EGJ:WHM:lhbm\CH

ORIGINATOR: William H. Musgrove

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**BEFORE THE ARIZONA CORPORATION COMMISSION**

MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

IN THE MATTER OF THE JOINT  
APPLICATION OF ARIZONA PUBLIC  
SERVICE COMPANY, AN ARIZONA  
CORPORATION AND UNISOURCE  
ENERGY CORPORATION, AN ARIZONA  
CORPORATION, FOR AN ORDER  
APPROVING ELECTRIC SERVICE  
AUTHORIZATION AGREEMENTS

DOCKET NOS. E-01345A-08-0064  
E-04204A-08-0064

DECISION NO. \_\_\_\_\_

ORDER

Open Meeting  
May 6, 2008 and May 7, 2008  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company ("APS") is a public service company certificated to provide electric service to customers located within specifically designated areas in all or portions of 11 of Arizona's 15 counties.
2. UNS Electric, Inc. ("UNSE") is a public service company certificated to provide electric service to customers located in a specifically designated service area in portions of Mohave and Santa Cruz Counties, Arizona.
3. The corporate officers and financial statements of APS and UNSE are the same as presently on file with the Arizona Corporation Commission ("Commission").
4. On February 4, 2008, APS and UNSE filed a Joint Application seeking Commission approval of two separate electric service authorization agreements between APS and ...

1 UNSE for authorization for UNSE to serve El Paso Natural Gas Company ("El Paso") and  
2 Western Summits, L.L.C. ("Western").

3 5. Although El Paso and Western are both located within APS' service territory, the  
4 proximity of each customer to UNSE' facilities makes service by UNSE more economical.

5 6. All signatories agree and acknowledge that UNSE is willing to serve El Paso and  
6 Western ("Subject Facilities") even though El Paso and Western are located outside the UNSE  
7 Service Area.

8 7. APS is willing to allow UNSE to serve El Paso and Western located within the APS  
9 Service Area under the conditions set forth in the Electric Service Authorization Agreements  
10 ("Agreements") contained in the Joint Application as Exhibits B and C, respectively.

11 8. APS and UNSE believe that the Agreements will be consistent with and promote  
12 the public interest, will be in the best interests of El Paso and Western and will enable both  
13 companies to more efficiently and economically receive electric service, while preserving the  
14 existing service area rights of both APS and UNSE.

15 9. El Paso has property within APS' certificated area located in the Northwest Quarter  
16 of Section 14, Township 21, North, Range 10 West, Yavapai County, Arizona. El Paso needs  
17 electric service to its property for a cathodic protection system facility (referenced as CPS # 1570)  
18 on El Paso's pipeline.

19 10. In order to reduce costs and be served in a more efficient manner, El Paso has  
20 requested electric service from UNSE because UNSE' distribution lines exist within closer  
21 proximity to the proposed service site than the nearest APS facilities.

22 11. No reinforcement of UNSE' existing electric system is needed to serve El Paso's  
23 proposed load.

24 12. Western owns property within APS' certificated area located along the Northeast  
25 Quarter of Section 11, Township 21, North, Range 10 West Gila and Salt River Meridian, Yavapai  
26 County, Arizona. Western needs electric service for a cell tower site for its operations and the  
27 operations of its sub-leases, sub-licensees, and designated assigns. Western expects other  
28 communications companies to use space on their towers.

13. In order to reduce costs and be served in a more efficient manner, Western has requested electric service from UNSE because UNSE' distribution lines exist within closer proximity to the proposed service site than the nearest APS facilities.

14. No reinforcement of UNSE' existing electric system is needed to serve Western's proposed load.

15. The following data have been provided by APS and UNSE in support of their Joint Application:

<u>Approximate Extension Distances*</u>			<u>Customer Contributions (Zero Free Footage)</u>	
I A.	APS Serving El Paso	7.5 Miles	Not Available	NOTES:
I B.	UNSE Serving El Paso	1.69 miles (8900 Feet)	Estimated Cost = \$72,000	Single Phase, 7.2 KV Primary Voltage; 2.1 kW Demand, 93% Load Factor; Line & Transformer Losses on Customer.
II A.	APS Serving Western	6.0 Miles	Not Available	
II B.	UNSE Serving Western	0.00 Miles (primary metering equipment only)	Estimated Cost = \$7,500	Single Phase, 7.2 KV Primary Voltage; 6.2 kW Demand, 53% Load Factor; Line & Transformer Losses on Customer.

\*Measured from the point of tap to the planned primary metering facilities (point of termination) designed to be located near the service area boundary between APS and UNSE. El Paso and Western have chosen to be responsible for the construction of approximately 1.5 miles and 2.5 miles of primary line on the APS side of the service area border, respectively, and these distances are excluded from the distances shown in the above table.

16. As noted in the application, APS reserves the right to provide electric service to El Paso and Western in the future if APS determines that it is economical to do so. However APS' right is limited by the conditions that APS' nearest distribution facilities must be located within 1,000 feet of the Subject Facilities, but in no event earlier than 10 years from the effective date of the Agreements.

...

...

Staff's Recommendations and Findings

17. Staff has recommended that the Commission approve the agreement between APS, UNSE and El Paso and the agreement between APS, UNSE and Western.

18. Staff's recommendations are supported by the findings discussed herein and the finding that at this time there are no line extensions or other agreements pertaining to electric service to the areas in which the El Paso and Western sites are located, nor are there any facilities, easements or rights-of-way that will be transferred in the event the El Paso and Western agreements are approved by the Commission.

19. UNSE also indicates that it will wait for Commission approvals before applying for needed rights-of-way within its territory from the point of tap to the boundary of UNSE and APS' service territories.

20. According to UNSE, it is expected that El Paso and Western will be provided service under the Small General Service schedule that is available to all qualified commercial customers and billed at the rates contained in the schedule.

CONCLUSIONS OF LAW

1. Arizona Public Service Company is a public service company within the meaning of Article XV, Section 2 of the Arizona Constitution.

2. UNS Electric, Inc. is a public service company within the meaning of Article XV, Section 2 of the Arizona Constitution.

3. The Commission has jurisdiction over Arizona Public Service Company and UNS Electric, Inc. and the subject matter of the Joint Application.

4. The Commission having reviewed the requested approvals and Staff's Memorandum dated April 22, 2008, concludes that it is in the public interest to approve the Electric Service Authorization Agreement between APS, UNSE and El Paso and the Electric Service Authorization Agreement between APS, UNSE and Western.

...

...

...

ORDER

IT IS THEREFORE ORDERED that the Electric Service Authorization Agreement between Arizona Public Service Company, UNS Electric, Inc. and El Paso Natural Gas Company is approved.

IT IS FURTHER ORDERED that the Electric Service Authorization Agreement between Arizona Public Service Company, UNS Electric, Inc. and Western Summits, L.L.C. is approved.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

---

CHAIRMAN

COMMISSIONER

---

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

---

BRIAN C. McNEIL  
Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:WHM:lh\CH

Decision No. \_\_\_\_\_



1 SERVICE LIST FOR: Arizona Public Service Company and UNS Electric, Inc.  
2 DOCKET NOS. E-01345A-08-0064 and E-04204A-08-0064

3 Mr. Thomas L. Mumaw  
4 Pinnacle West Capital Corporation  
5 Law Department  
6 Post Office Box 53999, MS 8695  
7 Phoenix, Arizona 85004-3999

8 Mr. Robert J. Metli  
9 Snell & Wilmer L.L.P.  
10 One Arizona Center  
11 400 East Van Buren Street  
12 Phoenix, Arizona 85004-2202  
13 Attorneys for Arizona Public Service Company

14 Ms. Michelle Livengood  
15 Tucson Electric Power Company  
16 Legal Department  
17 One South Church Avenue  
18 Post Office Box 711  
19 Tucson, Arizona 85702-0711  
20 Attorneys for UNS Electric, Inc.

21 Mr. Ernest G. Johnson  
22 Director, Utilities Division  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
25 Phoenix, Arizona 85007

26 Mr. Christopher C. Kempley  
27 Chief Counsel, Legal Division  
28 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007